

GOVERNMENTAL OPERATIONS

Agency 105

Office of Financial Management

Recommendation Summary

Dollars in Thousands

	Annual FTEs	General Fund State	Other Funds	Total Funds
2003-05 Expenditure Authority	251.9	25,728	85,072	110,800
Total Maintenance Level	260.8	28,649	68,217	96,866
Difference	8.9	2,921	(16,855)	(13,934)
Percent Change from Current Biennium	3.5%	11.4%	(19.8)%	(12.6)%
Performance Changes				
Long Term Care Financing Task Force #		290		290
ORM Risk Management	1.0		160	160
ORM Content Management System	1.0		1,450	1,450
Statewide Financial System			2,045	2,045
Home Care Worker Contract		66		66
Middle Management Reduction	(2.3)	(76)	(177)	(253)
Education Finance Study #	2.0	1,747		1,747
Infrastructure Review			200	200
Government Management, Accountability, and Performance	2.0	558		558
Residential Services - Developmentally Disabled Study	.3	182		182
General Inflation		(84)	(39)	(123)
Operating Costs/Existing Capital Projects	1.0	166		166
Subtotal	5.0	2,849	3,639	6,488
Total Proposed Budget	265.8	31,498	71,856	103,354
Difference	13.9	5,770	(13,216)	(7,446)
Percent Change from Current Biennium	5.5%	22.4%	(15.5)%	(6.7)%
Total Proposed Budget by Activity				
Accounting Services for Other Agencies	12.4	257		257
Administrative Activity	9.7	3,047		3,047
Assessment Payments on State Lands		130		130
Budget Driver and Expenditure Forecasts, Research, and Monitoring	7.7	1,334	100	1,434
Central Financial Systems Development and Maintenance	71.9	1,496	21,485	22,981
Collective Bargaining	14.6	452	3,031	3,483
Criminal History Federal Grant	1.5	29	1,976	2,005
Governor's Budget Development	41.8	6,911		6,911
Office of Regulatory Assistance		1,000		1,000
Personal Service and Client Service Contracts	4.7	934		934
Population Estimates, Forecasts, and Census Data	7.2	1,334	246	1,580
Risk Management	23.6	447	22,429	22,876
Statewide Accounting Policies and Reporting	22.5	2,604	612	3,216
Statewide Economic and Revenue Forecasts, Fiscal Planning, and Research	7.2	1,334		1,334
Statewide Policy Development for Governor's Office	32.7	8,446	1,556	10,002

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	Annual FTEs	General Fund State	Other Funds	Total Funds
Washington Commission for National and Community Services	10.6	874	20,090	20,964
WorkFirst Program		109		109
Compensation Cost Adjustment		836	508	1,344
Middle Management Reduction	(2.3)	(76)	(177)	(253)
Total Proposed Budget	265.8	31,498	71,856	103,354

PERFORMANCE LEVEL CHANGE DESCRIPTIONS**Long Term Care Financing Task Force #**

Funding is provided for a Joint Long Term Care Financing Task Force. Members of the task force will represent the legislative and executive branch. Recommendations will be developed outlining efficient payment models that will effectively sustain public funding of long-term care, the feasibility of private options for realistically enabling individuals to pay for care, and options that will support the long-term care needs of rural communities. The Joint Task Force shall contract for professional services consistent with funds appropriated for this purpose.

ORM Risk Management

The Office of Risk Management (ORM) will enhance loss prevention by assisting agencies to implement enterprise risk management programs, partnering with agencies to provide data and analysis, and helping integrate agency risk identification and management functions into more effective and comprehensive risk programs. (Risk Management Administration Account)

ORM Content Management System

The Office of Risk Management will implement a system to improve the efficiency of claims-related processes so that less time is spent capturing, creating, aggregating, locating, and disseminating needed information. (Risk Management Administration Account)

Statewide Financial System

The Statewide Financial Systems Office plans to design and release enhancements in the following systems: Budget and Allotment Support System, FastTrack Report System, Travel Voucher System, and the Disbursement Reporting System. These enhancements are necessary to ensure alignment with other systems, like the new Human Resource Management System, to enable capacity for new methods such as the Priorities of Government view of the budget, and to provide tools that customers want, such as capacity in the travel system for travel advances. (Data Processing Revolving Account)

Home Care Worker Contract

Pursuant to RCW 74.39A.270, a statewide unit of individual providers of home care services may bargain collectively over wages and benefits with the Governor or Governor's designee acting as the public employer of individual providers solely for the purpose of collective bargaining. According to RCW 74.39A.300, a request for funds necessary to implement the compensation and fringe benefits provisions of a collective bargaining agreement must be submitted to the director of the Office of Financial Management by October 1 prior to the legislative session at which the request is to be considered. The Governor must include the costs to meet the agreement terms and the cost of implementation of the agreement in the Governor's budget. This year, an impasse in negotiations led to an interest arbitration proceeding. Funding is needed based on the interest arbitration award. Funding is provided for the Office of Financial Management (OFM), the Home Care Quality Authority, and the Department of Social and Health Services (DSHS). OFM funds will be matched through an interagency agreement with DSHS.

Middle Management Reduction

The Governor has directed that middle management be reduced by 1,000 positions by the end of the biennium. This item is this agency's share of the statewide amount.

GOVERNMENTAL OPERATIONS

Education Finance Study #

In order to build an integrated and seamless education system, a comprehensive education study is initiated to allow a simultaneous review of all levels of education - early education, kindergarten through grade 12, and higher education. The study will provide an in-depth review of the policy and funding issues facing Washington's education system and will provide recommendations in the areas of finance, governance, efficiency, and accountability. The steering committee, which is chaired by the Governor and includes legislators, the director of the Office of Financial Management, citizens, and representatives of the early education, K-12, and higher education communities, will submit its findings and final recommendations by November 15, 2006. Funding is provided to the Office of Financial Management for contractor and staff costs associated with the study.

Infrastructure Review

One-time funding is provided to review statewide programs that support infrastructure in local jurisdictions and seek potential collaboration, efficiencies, and long-term funding solutions to meet the goals of job creation, public health, environmental protection, and community development. (Public Works Assistance Account)

Government Management, Accountability, and Performance

The Governor will implement the Government Management and Accountability Program (GMAP). The Office of the Governor and the Office of Financial Management will provide guidance to agencies, oversight of the process, and will review performance of all agencies.

Residential Services - Developmentally Disabled Study

Funding is provided to study residential services for developmentally disabled persons. A commission of 13 members will oversee the study. The commission will provide a report of its study to the Legislature by January 2006. The Office of Financial Management will enter into an interagency agreement with the Department of Social and Health Services to access matching federal funds for the study.

Operating Costs/Existing Capital Projects

The 2004 Supplemental Capital Budget provided funding for a capital budget analyst in the Office of Financial Management (Section 207, Chapter 277, Laws of 2004). Funding is provided to continue this position.

ACTIVITY DESCRIPTIONS

Accounting Services for Other Agencies

The Office of Financial Management (OFM) provides comprehensive, cost-effective accounting, budgeting, and payroll services to small agencies. Small Agency Client Services (SACS) serves as the fiscal officer, financial advisor, budget officer, and service coordinator to these agencies. SACS saves the state money by consolidating the budget, payroll, and accounting services of small agencies.

Administrative Activity

The Administrative activity represents the OFM Director's Office. This includes the director, deputy director, legislative liaison, communications director, legal counsel, and their support staff.

Assessment Payments on State Lands

OFM pays taxes and other assessments against state-owned lands in accordance with RCW 79.44.

Budget Driver and Expenditure Forecasts, Research, and Monitoring

The Budget Driver, Expenditure Forecasts, Research, and Monitoring unit supports the fiscal planning, budget monitoring, and risk management functions of the Office of Financial Management. The unit develops and provides data and quantitative analysis for the state's health care, human services, and K-20 education programs in support of budget development; provides staffing for OFM's role on the Caseload Forecast Council; gives OFM the ability to monitor expenditures and identify the sources of rapid expenditure growth; and provides technical assistance to agency staff in the analysis of program expenditures and the development of information systems to support cost containment and risk management.

Central Financial Systems Development and Maintenance

The Office of Financial Management's (OFM) Central Financial Systems Development and Maintenance section develops, implements, maintains, and supports statewide financial systems for use by state agencies. The financial systems provided by OFM include accounting, budgeting, and reporting systems that allow agencies to manage their financial operations and budget performance. OFM centrally provides these core financial systems so that each agency does not have to develop, operate, and maintain these systems individually, ensuring the maintenance of accurate and centralized accounting of the state's financial operations. (Data Processing Revolving Account)

Collective Bargaining

OFM represents the Governor in collective bargaining negotiations for wages, hours, and working conditions for represented classified employees, including those in higher education. As a result of legislation passed by the 2002 Legislature, OFM will negotiate all master contracts and provide guidance for all supplemental bargaining. The first contracts must be submitted to the Legislature for approval with the Governor's 2005-07 budget request. (Labor Relations Service Account)

Criminal History Federal Grant

OFM coordinates, administers, and monitors multiple federal justice grants, which are passed through to multiple state agencies and local jurisdictions in the form of interagency and interlocal agreements to support planning and implementation of Washington State's Justice Information Network (JIN). The JIN mission states that "any justice practitioner in the state will have complete, timely, and accurate information about any suspect or offender." Information will include criminal history and current justice status, come from data that has been entered only once, and be available in a single computer session from automated statewide systems.

Governor's Budget Development

OFM's Budget Division assists in the development of the Governor's budget proposal to the Legislature. Primary activities include evaluating budget requests from state agencies and providing the Governor with recommendations for funding levels; preparing the Governor's budget proposal; assisting the Governor in establishing financial, budget, and program policies for the state; and monitoring agency implementation of executive and legislative budget objectives. (General Fund-State)

Office of Regulatory Assistance

The Office of Regulatory Assistance coordinates permit assistance activities with various state agencies. It oversees the customer service, permit facilitation and coordination, and other activities within the permit assistance program in the Department of Ecology. It also oversees the contract with Ecology for permit assistance activities; works with businesses and project proponents on permitting issues and helps answer questions regarding state, federal, and local agency processes; and works with the Special Assistant to the Governor for Business to streamline regulatory processes and assist business. The Office of Regulatory Assistance also works with state agencies to develop and adopt an integrated permit system that would bring together project design, environmental review, permitting, and mitigation elements into a single process.

Personal Service and Client Service Contracts

The Personal Services and Client Services Contracts section develops and maintains statewide contract policies for personal services and client services based on state regulations. Contract staff members consult with agencies regarding contract and procurement issues to ensure agencies are appropriately expending contract dollars, and provide contract training to state agencies. The staff also provides review and approval of approximately 1,200 personal service contracts filed with OFM annually to oversee state agency contract practices and compliance with statutory requirements under RCW 39.29.

Population Estimates, Forecasts, and Census Data

The Population Center produces the official population figures for the state, cities, towns, and counties. The statutorily required center provides the current and future population estimates that are needed for statewide economic and revenue forecasts and fiscal planning activity, budget driver and expenditure forecast activity, and the Initiative 601 spending limit. The center is also responsible for all statutes using population size as criteria for program administration/eligibility for the allocation of millions of dollars to local governments, and for other budget and program planning activities. The center certifies all municipal boundary changes in Washington, acts as liaison to the federal Bureau of the Census for state and local agencies, and assists the bureau with decennial census and product distribution activities through the State Data Center program. (Violence Reduction and Drug Enforcement Account)

GOVERNMENTAL OPERATIONS

Risk Management

The Risk Management program identifies, controls, and reduces the financial impact of general liability, vehicle, and property losses to the state, and develops programs to finance the state's exposure to risk. In addition, the program protects the beneficiaries and assets of local government self-insurance programs through effective regulation. Services provided include administering a self-insurance program to finance tort losses; purchasing commercial insurance on behalf of state agencies; receiving, processing, delegating, and investigating state agency tort claims and legislative relief claims; maintaining a comprehensive master database of all claims; providing training to state agencies on how to lessen risks associated with tort liabilities; and approving and regulating local government property/liability risk pools and health/welfare employee benefit programs. (Risk Management Administration Account)

Statewide Accounting Policies and Reporting

The Statewide Accounting Policies and Reporting section develops and maintains state administrative and accounting policies for payroll, travel, federal grants, accounting, and reporting. Policies incorporate federal and state regulations, as well as national accounting standards. The staff consults with and provides training to state agency personnel on the policies. The Statewide Accounting unit also monitors financial data for compliance with the policies and prepares a number of reports for the public. Reports include the state's Comprehensive Annual Financial Report, the Audit Resolution Report, and the federally-mandated Single Audit Report. (Data Processing Revolving Account, Auditing Services Revolving Account)

Statewide Economic and Revenue Forecasts, Fiscal Planning, and Research

The Forecasting Division supports statewide fiscal planning and budget and revenue monitoring functions of OFM directly related to the development of the Governor's budget and the management of biennial budgets. The Forecasting Division provides analysis of the impact of major events, social and economic trends, and public policies on the state economy and revenues. It supports OFM's role on the Economic and Revenue Forecast Council and the Expenditure Limit Committee. It statutorily provides official fiscal impact statements for statewide ballot measures. The division provides statewide revenue, expenditure, and expenditure limit information (Six-Year Outlook) to support the preparation of the Governor's budget and the evaluation of biennial budgets in terms of risks and sustainability. The division also provides analysis and recommendations to the Governor for the development of revenue and tax policy.

Statewide Policy Development for Governor's Office

The Executive Policy Office performs policy research and analysis for the Governor, and works with agencies and OFM budget staff in the development of proposed legislation and the Governor's budget proposal.

Washington Commission for National and Community Services

The Washington Commission for National and Community Services was created by the Governor in 1994 as part of the National and Community Service Trust Act of 1993 to implement AmeriCorps and support other national service initiatives throughout the state. Currently, the commission receives approximately \$14 million annually in competitive federal funds, supporting 15 programs that address major state and gubernatorial priorities. One of the largest programs, the Washington Reading Corps, places 250 members in needy elementary schools to raise reading levels of struggling readers. The commission will also have major priorities and programs as part of the national Citizen Corps that will support volunteers in homeland security activities. Commission staff support a 25-member gubernatorial appointed commission that sets policy, identifies goals, and establishes priority needs that national service should address. In addition, the commission utilizes service as a strategy to help address gubernatorial priorities, ensures compliance with federal grant policies, and assesses the impact of national service investments in the state.

WorkFirst Program

OFM provides the staff support necessary to oversee the Governor's planning and implementation of Washington State's welfare reform initiative called WorkFirst. This program helps financially struggling families find jobs, keep their jobs, get better jobs, and build a better life for their children.

Compensation Cost Adjustment

This item reflects proposed compensation and benefit cost adjustments that were not allocated to individual agency activities. The agency will assign these costs to the proper activities after the budget is enacted.

Middle Management Reduction

The Governor has directed that middle management be reduced by 1,000 positions by the end of the biennium. This item is this agency's share of the statewide amount. These savings will be assigned to the appropriate activities after the budget is enacted.